

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 599 - HB 716**

March 20, 2017

**SUMMARY OF BILL:** Requires the Department of Children's Services (DCS), in any fiscal year in which the total budget amount appropriated in the general appropriations act for the operation of state government exceeds the amount appropriated by the general appropriations act in the immediately prior fiscal year by three percent or more, to provide an automatic increase of two percent in the compensation of providers of services to children with whom the DCS contracts for that same fiscal year's contracts.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$4,909,100/FY17-18**

**Exceeds \$4,909,100/FY18-19 and Subsequent Years**

**Increase Federal Expenditures - \$4,452,300/FY17-18**

**Exceeds \$4,452,300/FY18-19 and Subsequent Years**

**Assumptions:**

- Based on information provided by DCS, the total contract amount for FY16-17 is estimated to be \$468,066,300. It is assumed that this number will remain constant into perpetuity under current law.
- It is further assumed that the total budget amount appropriated in the general appropriations act for the operation of state government will exceed the same for the previous fiscal year by three percent or more into perpetuity.
- An automatic increase of two percent would result in an increase in expenditures estimated to be \$9,361,326 ( $\$468,066,300 \times 2.0\%$ ) in FY17-18. The increase in FY18-19 and subsequent years is estimated to exceed \$9,361,326.
- The DCS receives federal matches on Medicaid funds, however not all programs will receive federal matching funds; therefore, it is estimated the \$9,361,326 would result in an increase of \$4,909,063 in state expenditures and \$4,452,263 in federal expenditures in FY17-18, and an increase exceeding such amounts in FY18-19 and subsequent years.
- Based on information provided by DCS, it is assumed that the estimated increase in state expenditures would require a recurring appropriation from the General Fund.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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